

SENATE, No. 2105

STATE OF NEW JERSEY

215th LEGISLATURE

INTRODUCED JUNE 25, 2012

Sponsored by:

Senator JOSEPH PENNACCHIO

District 26 (Essex, Morris and Passaic)

Co-Sponsored by:

Senators A.R.Bucco, Oroho, O'Toole and T.Kean

SYNOPSIS

Reduces gross income tax rates by ten percent over three years.

CURRENT VERSION OF TEXT

As introduced.



1 AN ACT reducing gross income tax rates, amending N.J.S.54A:2-1.

2

3 BE IT ENACTED by the Senate and General Assembly of the State
4 of New Jersey:

5

6 1. N.J.S.54A:2-1 is amended to read as follows:

7 54A:2-1. Imposition of tax. There is hereby imposed a tax for
8 each taxable year (which shall be the same as the taxable year for
9 federal income tax purposes) on the New Jersey gross income as
10 herein defined of every individual, estate or trust (other than a
11 charitable trust or a trust forming part of a pension or profit-sharing
12 plan), subject to the deductions, limitations and modifications
13 hereinafter provided, determined in accordance with the following
14 tables with respect to taxpayers' taxable income:

15 a. For married individuals filing a joint return and individuals
16 filing as head of household or as surviving spouse for federal
17 income tax purposes:

18 (1) for taxable years beginning on or after January 1, 1991 but
19 before January 1, 1994:

20

21 If the taxable income is:	The tax is:
22	
23 Not over \$20,000.00	2% of taxable income
24	
25 Over \$20,000.00 but not	
26 over \$50,000.00	\$400.00 plus 2.5% of the excess
27	over \$20,000.00
28 Over \$50,000.00 but not	
29 over \$70,000.00	\$1,150.00 plus 3.5% of the
30	excess over \$50,000.00
31 Over \$70,000.00 but not	
32 over \$80,000.00	\$1,850.00 plus 5.0% of the
33	excess over \$70,000.00
34 Over \$80,000.00 but not	
35 over \$150,000.00	\$2,350.00 plus 6.5% of the
36	excess over \$80,000.00
37	
38 Over \$150,000.00	\$6,900.00 plus 7.0% of the
39	excess over \$150,000.00
40	

40

41 (2) for taxable years beginning on or after January 1, 1994 but
42 before January 1, 1995:

EXPLANATION – Matter enclosed in bold-faced brackets **[thus]** in the above bill is
not enacted and is intended to be omitted in the law.

Matter underlined thus is new matter.

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3

1	If the taxable income is:	The tax is:
2		
3	Not over \$20,000.00 . . .	1.900% of taxable income
4		
5	Over \$20,000.00 but not	
6	over \$50,000.00	\$380.00 plus 2.375% of the
7		excess over \$20,000.00
8	Over \$50,000.00 but not	
9	over \$70,000.00	\$1,092.50 plus 3.325% of the
10		excess over \$50,000.00
11	Over \$70,000.00 but not	
12	over \$80,000.00	\$1,757.50 plus 4.750% of the
13		excess over \$70,000.00
14	Over \$80,000.00 but not	
15	over \$150,000.00	\$2,232.50 plus 6.175% of the
16		excess over \$80,000.00
17		
18	Over \$150,000.00	\$6,555.00 plus 6.650% of the
19		excess over \$150,000.00
20		
21	(3) for taxable years beginning on or after January 1, 1995 but	
22	before January 1, 1996:	
23		
24	If the taxable income is:	The tax is:
25		
26	Not over \$20,000.00	1.700% of taxable income
27		
28	Over \$20,000.00 but not	
29	over \$50,000.00	\$340.00 plus 2.125% of the
30		excess over \$20,000.00
31	Over \$50,000.00 but not	
32	over \$70,000.00	\$977.50 plus 2.975% of the
33		excess over \$50,000.00
34	Over \$70,000.00 but not	
35	over \$80,000.00	\$1,572.50 plus 4.250% of the
36		excess over \$70,000.00
37	Over \$80,000.00 but not	
38	over \$150,000.00	\$1,997.50 plus 6.013% of the
39		excess over \$80,000.00
40		
41	Over \$150,000.00	\$6,206.60 plus 6.580% of the
42		excess over \$150,000.00
43		
44	(4) for taxable years beginning on or after January 1, 1996 but	
45	before January 1, 2004:	

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4

1	If the taxable income is:	The tax is:
2		
3	Not over \$20,000.00	1.400% of taxable income
4		
5	Over \$20,000.00 but not	
6	over \$50,000.00	\$280.00 plus 1.750% of the
7		excess over \$20,000.00
8	Over \$50,000.00 but not	
9	over \$70,000.00	\$805.00 plus 2.450% of the
10		excess over \$50,000.00
11	Over \$70,000.00 but not	
12	over \$80,000.00	\$1,295.50 plus 3.500% of the
13		excess over \$70,000.00
14	Over \$80,000.00 but not	
15	over \$150,000.00	\$1,645.00 plus 5.525% of the
16		excess over \$80,000.00
17		
18	Over \$150,000.00	\$5,512.50 plus 6.370% of the
19		excess over \$150,000.00
20		

21 (5) for taxable years beginning on or after January 1, 2004 but
22 before January 1, 2013:

24	If the taxable income is:	The tax is:
25		
26	Not over \$20,000.00	1.400% of taxable income
27		
28	Over \$20,000.00 but not	
29	over \$50,000.00	\$280.00 plus 1.750% of the
30		excess over \$20,000.00
31	Over \$50,000.00 but not	
32	over \$70,000.00	\$805.00 plus 2.450% of the
33		excess over \$50,000.00
34	Over \$70,000.00 but not	
35	over \$80,000.00	\$1,295.50 plus 3.500% of the
36		excess over \$70,000.00
37	Over \$80,000.00 but not	
38	over \$150,000.00	\$1,645.00 plus 5.525% of the
39		excess over \$80,000.00
40	Over \$150,000.00 but not	
41	over \$500,000.00	\$5,512.50 plus 6.370% of the
42		excess over \$150,000.00
43		
44	Over \$500,000.00	\$27,807.50 plus 8.970% of the
45		excess over \$500,000.00
46		

47 (6) for taxable years beginning on or after January 1, 2013 but
48 before January 1, 2014:

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5

1	<u>If the taxable income is:</u>	<u>The tax is:</u>
2		
3	<u>Not over \$20,000.00</u>	<u>1.353% of taxable income</u>
4		
5	<u>Over \$20,000.00 but not</u>	
6	<u>over \$50,000.00</u>	<u>\$270.60 plus 1.692% of the</u>
7		<u>excess over \$20,000.00</u>
8	<u>Over \$50,000.00 but not</u>	
9	<u>over \$70,000.00</u>	<u>\$778.20 plus 2.368% of the</u>
10		<u>excess over \$50,000.00</u>
11	<u>Over \$70,000.00 but not</u>	
12	<u>over \$80,000.00</u>	<u>\$1,251.80 plus 3.383% of the</u>
13		<u>excess over \$70,000.00</u>
14	<u>Over \$80,000.00 but not</u>	
15	<u>over \$150,000.00</u>	<u>\$1,590.10 plus 5.341% of the</u>
16		<u>excess over \$80,000.00</u>
17	<u>Over \$150,000.00 but not</u>	
18	<u>over \$500,000.00</u>	<u>\$5,328.80 plus 6.158% of the</u>
19		<u>excess over \$150,000.00</u>
20		
21	<u>Over \$500,000.00</u>	<u>\$26,881.80 plus 8.671% of the</u>
22		<u>excess over \$500,000.00</u>
23		
24	<u>(7) for taxable years beginning on or after January 1, 2014 but</u>	
25	<u>before January 1, 2015:</u>	
26		
27	<u>If the taxable income is:</u>	<u>The tax is:</u>
28		
29	<u>Not over \$20,000.00</u>	<u>1.306% of taxable income</u>
30		
31	<u>Over \$20,000.00 but not</u>	
32	<u>over \$50,000.00</u>	<u>\$261.20 plus 1.634% of the</u>
33		<u>excess over \$20,000.00</u>
34	<u>Over \$50,000.00 but not</u>	
35	<u>over \$70,000.00</u>	<u>\$751.40 plus 2.286% of the</u>
36		<u>excess over \$50,000.00</u>
37	<u>Over \$70,000.00 but not</u>	
38	<u>over \$80,000.00</u>	<u>\$1,208.60 plus 3.266% of the</u>
39		<u>excess over \$70,000.00</u>
40	<u>Over \$80,000.00 but not</u>	
41	<u>over \$150,000.00</u>	<u>\$1,535.20 plus 5.157% of the</u>
42		<u>excess over \$80,000.00</u>
43	<u>Over \$150,000.00 but not</u>	
44	<u>over \$500,000.00</u>	<u>\$5,145.10 plus 5.946% of the</u>
45		<u>excess over \$150,000.00</u>
46		
47	<u>Over \$500,000.00</u>	<u>\$25,956.10 plus 8.372% of the</u>
48		<u>excess over \$500,000.00</u>

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1	(8) for taxable years beginning on or after January 1, 2015:	
2		
3	If the taxable income is:	The tax is:
4		
5	Not over \$20,000.00	1.260% of taxable income
6		
7	Over \$20,000.00 but not	
8	over \$50,000.00	\$252.00 plus 1.575% of the
9		excess over \$20,000.00
10	Over \$50,000.00 but not	
11	over \$70,000.00	\$724.50 plus 2.205% of the
12		excess over \$50,000.00
13	Over \$70,000.00 but not	
14	over \$80,000.00	\$1,165.50 plus 3.150% of the
15		excess over \$70,000.00
16	Over \$80,000.00 but not	
17	over \$150,000.00	\$1,480.50 plus 4.973% of the
18		excess over \$80,000.00
19	Over \$150,000.00 but not	
20	over \$500,000.00	\$4,961.60 plus 5.734% of the
21		excess over \$150,000.00
22		
23	Over \$500,000.00.	\$25,030.60 plus 8.074% of the
24		excess over \$500,000.00

25

26 b. For married individuals filing separately, unmarried

27 individuals other than individuals filing as head of household or as

28 a surviving spouse for federal income tax purposes, and estates and

29 trusts:

30

31	(1) for taxable years beginning on or after January 1, 1991 but	
32	before January 1, 1994:	
33		
34	If the taxable income is:	The tax is:
35		
36	Not over \$20,000.00	2% of taxable income
37		
38	Over \$20,000.00 but not	
39	over \$35,000.00	\$400.00 plus 2.5% of the excess
40		over \$20,000.00
41	Over \$35,000.00 but not	
42	over \$40,000.00	\$775.00 plus 5.0% of the excess
43		over \$35,000.00
44	Over \$40,000.00 but not	
45	over \$75,000.00	\$1,025.00 plus 6.5% of the
46		excess over \$40,000.00

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7

1 Over \$75,000.00 \$3,300.00 plus 7.0% of the
2 excess over \$75,000.00
3

4 (2) for taxable years beginning on or after January 1, 1994 but
5 before January 1, 1995:
6

7 If the taxable income is: The tax is:
8 Not over \$20,000.00 1.900% of taxable income
9

10 Over \$20,000.00 but not
11 over \$35,000.00 \$380.00 plus 2.375% of the
12 excess over \$20,000.00

13 Over \$35,000.00 but not
14 over \$40,000.00 \$736.25 plus 4.750% of the
15 excess over \$35,000.00

16 Over \$40,000.00 but not
17 over \$75,000.00 \$973.75 plus 6.175% of the
18 excess over \$40,000.00
19

20 Over \$75,000.00 \$3,135.00 plus 6.650% of the
21 excess over \$75,000.00
22

23 (3) for taxable years beginning on or after January 1, 1995 but
24 before January 1, 1996:
25

26 If the taxable income is: The tax is:
27

28 Not over \$20,000.00 1.700% of taxable income
29

30 Over \$20,000.00 but not
31 over \$35,000.00 \$340.00 plus 2.125% of the
32 excess over \$20,000.00

33 Over \$35,000.00 but not
34 over \$40,000.00 \$658.75 plus 4.250% of the
35 excess over \$35,000.00

36 Over \$40,000.00 but not
37 over \$75,000.00 \$871.25 plus 6.013% of the
38 excess over \$40,000.00
39

40 Over \$75,000.00 \$2,975.80 plus 6.580% of the
41 excess over \$75,000.00
42

43 (4) for taxable years beginning on or after January 1, 1996 but
44 before January 1, 2004:
45

46 If the taxable income is: The tax is:
47

48 Not over \$20,000.00 1.400% of taxable income

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8

1	Over \$20,000.00 but not	
2	over \$35,000.00	\$280.00 plus 1.750% of the
3		excess over \$20,000.00
4	Over \$35,000.00 but not	
5	over \$40,000.00	\$542.50 plus 3.500% of the
6		excess over \$35,000.00
7	Over \$40,000.00 but not	
8	over \$75,000.00	\$717.50 plus 5.525% of the
9		excess over \$40,000.00
10		
11	Over \$75,000.00	\$2,651.25 plus 6.370% of the
12		excess over \$75,000.00

13

14 (5) for taxable years beginning on or after January 1, 2004 but

15 before January 1, 2013:

16		
17	If the taxable income is:	The tax is:
18		
19	Not over \$20,000.00	1.400% of taxable income
20		
21	Over \$20,000.00 but not	
22	over \$35,000.00	\$280.00 plus 1.750% of the
23		excess over \$20,000.00
24	Over \$35,000.00 but not	
25	over \$40,000.00	\$542.50 plus 3.500% of the
26		excess over \$35,000.00
27	Over \$40,000.00 but not	
28	over \$75,000.00	\$717.50 plus 5.525% of the
29		excess over \$40,000.00
30	Over \$75,000.00 but not	
31	over \$500,000.00	\$2,651.25 plus 6.370% of the
32		excess over \$75,000.00
33		
34	Over \$500,000.00	\$29,723.75 plus 8.970% of the
35		excess over \$500,000.00
36		

37 (6) for taxable years beginning on or after January 1, 2013 but

38 before January 1, 2014:

39		
40	<u>If the taxable income is:</u>	<u>The tax is:</u>
41		
42	<u>Not over \$20,000.00</u>	<u>1.353% of taxable income</u>
43		
44	<u>Over \$20,000.00 but not</u>	
45	<u>over \$35,000.00</u>	<u>\$270.60 plus 1.692% of the</u>
46		<u>excess over \$20,000.00</u>
47	<u>Over \$35,000.00 but not</u>	

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9

1	<u>over \$40,000.00</u>	<u>\$524.40 plus 3.383% of the</u>
2		<u>excess over \$35,000.00</u>
3	<u>Over \$40,000.00 but not</u>	
4	<u>over \$75,000.00</u>	<u>\$693.55 plus 5.341% of the</u>
5		<u>excess over \$40,000.00</u>
6	<u>Over \$75,000.00 but not</u>	
7	<u>over \$500,000.00</u>	<u>\$2,562.90 plus 6.158% of the</u>
8		<u>excess over \$75,000.00</u>
9	<u>Over \$500,000.00</u>	<u>\$28,734.40 plus 8.671% of the</u>
10		<u>excess over \$500,000.00</u>
11		
12	<u>(7) for taxable years beginning on or after January 1, 2014 but</u>	
13	<u>before January 1, 2015:</u>	
14		
15	<u>If the taxable income is:</u>	<u>The tax is:</u>
16		
17	<u>Not over \$20,000.00</u>	<u>1.307% of taxable income</u>
18		
19	<u>Over \$20,000.00 but not</u>	
20	<u>over \$35,000.00</u>	<u>\$261.40 plus 1.633% of the</u>
21		<u>excess over \$20,000.00</u>
22	<u>Over \$35,000.00 but not</u>	
23	<u>over \$40,000.00</u>	<u>\$506.35 plus 3.267% of the</u>
24		<u>excess over \$35,000.00</u>
25	<u>Over \$40,000.00 but not</u>	
26	<u>over \$75,000.00</u>	<u>\$669.70 plus 5.157% of the</u>
27		<u>excess over \$40,000.00</u>
28	<u>Over \$75,000.00 but not</u>	
29	<u>over \$500,000.00</u>	<u>\$2,474.65 plus 5.946% of the</u>
30		<u>excess over \$75,000.00</u>
31		
32	<u>Over \$500,000.00</u>	<u>\$27,745.15 plus 8.373% of the</u>
33		<u>excess over \$500,000.00</u>
34		
35	<u>(8) for taxable years beginning on or after January 1, 2015:</u>	
36		
37	<u>If the taxable income is:</u>	<u>The tax is:</u>
38		
39	<u>Not over \$20,000.00</u>	<u>1.260% of taxable income</u>
40		
41	<u>Over \$20,000.00 but not</u>	
42	<u>over \$35,000.00</u>	<u>\$252.00 plus 1.575% of the</u>
43		<u>excess over \$20,000.00</u>
44	<u>Over \$35,000.00 but not</u>	
45	<u>over \$40,000.00</u>	<u>\$488.25 plus 3.150% of the</u>
46		<u>excess over \$35,000.00</u>
47	<u>Over \$40,000.00 but not</u>	

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10

1	<u>over \$75,000.00</u>	<u>\$645.75 plus 4.973% of the</u>
2		<u>excess over \$40,000.00</u>
3	<u>Over \$75,000.00 but not</u>	
4	<u>over \$500,000.00</u>	<u>\$2,386.30 plus 5.734% of the</u>
5		<u>excess over \$75,000.00</u>
6		
7	<u>Over \$500,000.00</u>	<u>\$26,755.80 plus 8.074% of the</u>
8		<u>excess over \$500,000.00</u>
9		

10 c. For the purposes of this section, an individual who would be
11 eligible to file as a head of household for federal income tax
12 purposes but for the fact that such taxpayer is a nonresident alien,
13 shall determine tax pursuant to subsection a. of this section.
14 (cf: P.L.2004, c.40, s.17)

15
16 2. This act shall take effect immediately and apply to taxable
17 years beginning on or after January 1, 2013.

18
19
20 STATEMENT

21
22 The bill reduces gross income tax rates by ten percent over three
23 taxable years. The purpose of this bill is to lower the gross income
24 tax liabilities of all New Jersey gross income taxpayers while
25 tempering the steep progressivity of the gross income tax liability
26 structure.
27 The bill schedules the gross income tax rate reductions to occur
28 at three and one-third percent for taxable years beginning in 2013,
29 an additional three and one-third percent for taxable years
30 beginning in 2014, and an additional three and one-third percent for
31 taxable years beginning in 2015. After 2015, the bill maintains the
32 total ten percent gross income tax rate reduction for future taxable
33 years.